Dear Resident,

Housing, Dining and Hospitality (HDH) has spent a significant amount of time meeting with the Graduate and Family Housing Advisory Committee over the past two months to discuss housing rates for 2019-20. We greatly appreciate their feedback, time, dedication and advocacy for the graduate and family housing community.

By way of background, HDH is a self-supporting department that operates without any federal, state or campus funding. We are expected to balance our revenues with our expenses, including debt and renovations. Still, HDH is committed to providing on-campus housing for students at rates that are at least 20 percent below market value. UC San Diego’s student housing costs remain among the lowest in the entire UC System, despite the fact that the campus is situated in a comparatively high-rent area.

In light of the huge waitlist of graduate students wanting to be housed on campus, UC San Diego has invested $638 million to deliver 3,553 new beds across the Mesa Nueva, Nuevo East and Nuevo West developments. This means that HDH will need to cover another $35 million in annual mortgage costs. Ultimately, this will allow UC San Diego to provide more affordable housing to a much greater number of graduate students who wish to live on campus.

HDH put forth a housing rate proposal, which was based on what it would take to cover the mortgage costs of the new units delivered in Nuevo East and Nuevo West and gradually balance the graduate and family housing budget. The proposal reflected a 5 percent rate increase for all old and new inventory, and a 6 percent increase for Mesa Nueva units. The higher rate increase for Mesa Nueva was due to the fact that initial rates in 2017 for the complex were set lower to only account for the interest payments in 2017 and 2018. Starting in 2019, HDH will need to cover the interest and principal on the mortgage for Mesa Nueva.

In our discussions with graduate and family housing residents, we heard a compelling argument to keep older units as affordable as possible. At the request of the Graduate and Family Housing Advisory Committee, HDH presented detailed financial models and four additional proposals.

Based on the input received, we are moving forward with capping rate increases to the older units at a 3 percent inflation, in line with salary increases for teaching assistants. This means that Nuevo East and Nuevo West rates will need to cover interest and principal mortgage payments. Mesa Nueva rates will need to catch up over time to cover the appropriate building debt due starting in 2019. All rates will continue to remain at least 20 percent below market value. Each resident will receive their individual increase notification letter based on their current occupancy location and unit type.

Graduate and Family Housing Changes – Effective July 1, 2019

- Older inventory (One Miramar St., South and Central Mesa, The Rita and Coast) will only increase by 3 percent to continue to provide the cheapest possible solutions to graduate students
  - Housing at The Rita will be phased out over two years, based on resident contract end dates. Costs for moving will be covered for anyone relocating to another graduate and family housing community before their eligibility expires.
  - Mesa Nueva rates will increase by 5 percent for all units except for the studios at 6 percent* in order to cover increasing debt payments
  - Rates at new communities (Nuevo East and Nuevo West) will cover interest and principal debt payments in the coming years

*Studio units require a greater correction on the interest-only rates set in 2018 since they were priced significantly lower than other unit types based on construction cost.

There are currently more than 2,500 graduate students on the waitlist for on-campus housing, and this number is projected to grow. Today, only 37 percent of our graduate students live on campus. By 2020, as part of UC San Diego’s Long Range Development Plan, the campus plans to increase that number to 50 percent of graduate students, allowing more students to take advantage of the campus’ below-market rental rates. Setting rates correctly to adequately cover mortgages associated with our properties will allow HDH to provide more on-campus graduate and family housing, benefiting more students for years to come.

We are committed to providing housing that fits the needs of UC San Diego’s graduate and family housing community. Should you have any questions, please send us an email at gradfamilyhousing@ucsd.edu.

Thank you for your patience throughout this process. We are grateful for the opportunity to serve you.

Sincerely,
HDH